

Message Text

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ACTION H-02

INFO OCT-01 EUR-12 ISO-00 COME-00 CG-00 DOTE-00 EB-08
L-03 SIL-01 /027 W
-----241021Z 072756 /12
R 240910Z MAR 77
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 1141

UNCLAS SECTION 1 OF 2 HELSINKI 0577

PLEASE PASS: CHAIRMAN OF MERCHANT MARINE AND FISHERIES
COMMITTEE, C/O JOHN H. BRUCE

EO 11652: N/A
TAGS: PFOR, FI
SUBJECT: FINNISH ICEBREAKERS

1. I HEREBY SUBMIT MY TESTIMONY REGARDING THE HOPE OF THE
UNITED STATES AVOIDING FUTURE TROUBLES ON THE GREAT LAKES
SUCH AS WE HAD THIS PAST YEAR. I AM FEARFUL THE PUBLIC
WILL RISE UP IN ARMS ONCE THEY LEARN SOMETHING CAN BE DONE
ABOUT KEEPING THE LAKES OPEN THE YEAR ROUND.

2. I WOULD BE GRATEFUL IF YOU WOULD INCLUDE MY COMMENTS
IN THE WRITTEN RECORD OF YOUR PENDING HEARINGS. I WOULD
BE GRATEFUL IF MR. BRUCE WOULD COPY THE REMARKS TO MEMBERS
OF THE COMMITTEE. I HAVE GIVEN CHAIRMAN MURPHY A COPY
HERE IN HELSINKI.

3. I AM TRULY HOPEFUL LEGISLATION MIGHT BE PASSED ALLOWING
THE PROCUREMENT OF FINNISH ICEBREAKERS DURING THIS SESSION
OF CONGRESS.

4. I FIRST BECAME INTERESTED IN THIS MATTER SHORTLY
BEFORE I WAS CONFIRMED AS U.S. AMBASSADOR TO FINLAND.
I WAS AMAZED WHEN TOLD THAT DUE TO WINTER ICE CONDI-
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TIONS ON THE GREAT LAKES, PRACTICALLY THE ENTIRE
INDUSTRIAL MID-WEST OPERATES ON A NINE MONTH BASIS.
I WAS TOLD THAT EVEN IF THE ICE FAILS TO DEVELOP,
INDUSTRY OF NECESSITY ANTICIPATES WORST-CASE ICE CON-
DITIONS AND, AS A RESULT, OPERATES APPROXIMATELY ONLY
THREE-FOURTHS OF THE YEAR. (STRANGELY ENOUGH, ICE
CONDITIONS IN FINLAND ARE SIMILAR TO THOSE OF THE GREAT

LAKES. IF FINLAND HAD THE SAME ATTITUDE TOWARDS THIS PROBLEM AS OUR COUNTRY APPEARS TO HAVE, SHE COULDN'T SURVIVE.) WHEN I WAS IN HIGH SCHOOL, I WELL REMEMBER BEING TAUGHT THAT RUSSIAN FOREIGN POLICY WAS TIED TO THE NEED SHE HAD FOR ICE-FREE PORTS. THAT PROBLEM IS NOW MOOT FOR THE RUSSIANS INASMUCH AS FINLAND HAS BUILT FIFTEEN ICEBREAKERS FOR THEM WHICH HAS FREED THE SOVIET UNION OF THIS PROBLEM. EVERY OTHER NATION IN THE WORLD SEEKING ICEBREAKERS, MOST RECENTLY ARGENTINA, TURNS TO FINLAND.

5. I HAVE BEEN INFORMED THAT THE ANNUAL PROBLEM OF REDUCED INDUSTRIAL PRODUCTION AND INCREASED UNEMPLOYMENT IN THE GREAT LAKES AREA HAVE GONE ON FOR THIRTY-FIVE YEARS. IS THERE ANY DOUBT IN YOUR MIND THAT IF HIGHWAY 66 WERE ICED UP OR SNOWED UNDER THAT IT WOULD BE PLOWED OUT? OR, IF THE MISSISSIPPI OR MISSOURI WERE CLOGGED WITH SILT, THEY WOULD BE IMMEDIATELY CLEARED? THE GREAT LAKES, AMERICA'S FOURTH COAST, HAS NOT REALLY BEEN ADEQUATELY CARED FOR.

6. AS YOU WELL KNOW, WE ARE COMMITTED TO SELL FROM 6-8 MILLION TONS OF GRAIN ANNUALLY TO THE SOVIET UNION ALONE. MORE MILLIONS ARE SCHEDULED FOR SHIPMENT TO THE EASTERN BLOC COUNTRIES. DUE TO OUR ENERGY SHORTAGE, WE ARE TRYING TO CONVERT TO COAL. THE NEED TO SHIP MILLIONS OF TONS OF COAL FROM THE NORTH CENTRAL AREA OF THE U.S. MAKES IT IMPERATIVE THAT THE LAKES BE PUT TO USE ON A YEAR-ROUND BASIS.

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7. THE FIRST THOUGHT AN AMERICAN NORMALLY HAS IS "WHY DON'T WE BUILD ICEBREAKERS OURSELVES TO KEEP THE LAKES CLEARED?" IN THE FIRST PLACE, ONLY THREE ICEBREAKERS ARE REQUIRED. ACCORDING TO THE BEST ADVICE I CAN GET, TO TOOL-UP A SHIPYARD FOR THE MANUFACTURE OF THESE FEW MACHINES WOULD COST MUCH MORE THAN ONE ICEBREAKER ITSELF. IF THERE WERE A NEED FOR MANY SUCH SHIPS, IT WOULD BE WISE FOR THE U.S. TO MAKE THEM. THIS HAS BEEN TRIED-- TWO VERY LARGE ARCTIC ICEBREAKERS ARE IN THE PROCESS OF BEING FINISHED IN THE SEATTLE SHIP-YARDS OF LOCKHEED COMPANY. THE GENERAL ACCOUNTING OFFICE RECENTLY REPORTED TO CONGRESS THAT LOCKHEED SHIPS ARE ALREADY \$20 MILLION OVER THEIR ESTIMATED COST (INCLUDING THESE ARE TOO WIDE FOR THE GREAT LAKES' LOCKS). FOR THE U.S. TO MAKE ICEBREAKERS IS AS SENSIBLE AS FOR THE FINNS TO MAKE DC-10'S. NO DOUBT THEY COULD DO IT, BUT AT HORRENDOUS COST. (INCIDENTALLY, FINNAIR IN THE LAST FEW YEARS HAS CONVERTED ITS ENTIRE

FLEET TO U.S. AIRCRAFT, SUBSTANTIALLY CONTRIBUTING TO THE PRESENT AND OVERWHELMING IMBALANCE IN OUR BILATERAL TRADE. THIS IMBALANCE IN 1975 WAS MORE THAN \$235 MILLION IN OUR FAVOR AND SIMULTANEOUSLY GIVING THOUSANDS OF US JOBS.) FINNS WILL GIVE A FIXED COST AND STIPULATED TIME FOR COMPLETION OF ALL EQUIPMENT NEEDED.

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8. IT IS MY UNDERSTANDING THAT THE PRINCIPAL OBJECTIONS TO THE PROCUREMENT OF FINNISH ICEBREAKERS HAVE BEEN EXPRESSED BY LABOR UNIONS AND COAST GUARD. I HAVE REASON TO UNDERSTAND THAT REPRESENTATIVES OF AMERICAN LABOR HAVE RECENTLY INDICATED THAT THEY WOULD NO LONGER OBJECT TO SUCH PROCUREMENT. CURRENTLY, THEREFORE, THE COAST GUARD REMAINS THE MAIN OPPONENT. THEY ARGUE THE PROBLEM OF REPLACEMENT PARTS SHOULD TROUBLE DEVELOP. I HAVE CHECKED AND FOUND ANY PARTS COULD BE DUPLICATED IF NEED BE. (INCIDENTALLY, ACCORDING TO U.S. CORPS OF ENGINEERS, EACH DAY THE LAKES ARE FROZEN, 60,000 JOBS CEASE. AT \$30 A DAY, LOSS OF WAGES WOULD AMOUNT TO \$1.8 MILLION A DAY. MULTIPLIED BY 90 DAYS, THIS WOULD PAY FOR THREE ICEBREAKERS. THIS DOES NOT INCLUDE CORPORATE LOSSES OR FRINGE JOB LOSSES.) FOR 60,000 PEOPLE TO GO ON UNEMPLOYMENT RELIEF, AS THEY DO ANNUALLY, MAKING \$100 A WEEK IN UNEMPLOYMENT COMPENSATION, WOULD AMOUNT TO \$6 MILLION A WEEK. ADD THAT TO THE \$10 MILLION A WEEK LOST JOBS, IT WOULD NOT TAKE MANY WEEKS TO COMPLETELY PAY FOR ALL THE ICE-BREAKERS THE GREAT LAKES WOULD NEED.

9. MY CLIENT IS THE U.S. GOVERNMENT. I AM INTERESTED ONLY IN HER ULTIMATE WELFARE. THE DEPARTMENT OF STATE HAS RECENTLY INDICATED THAT THE PROCUREMENT OF FINNISH

ICEBREAKERS AT THIS TIME WOULD BE IN ACCORD WITH U.S.
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POLICY OBJECTIVES IN FINLAND. A DOCUMENT ON THIS IS
AVAILABLE AT THE STATE DEPARTMENT'S FINNISH DESK.

10. SENATOR GRIFFIN, CONGRESSMAN RUPPE, A FORMER
COMMANDANT OF THE U.S. COAST GUARD AND MANY OFFICIALS
OF VARIOUS GREAT LAKES DELEGATIONS HAVE BEEN TO FINLAND
RECENTLY AND ARE COMPLETELY CONVERTED. PRESIDENT FORD
SPENT SOME TIME ABOARD A FINNISH ICEBREAKER LAST SUMMER
AND TOLD ME HE WAS GREATLY IMPRESSED.

11. I HAVE DISCUSSED THE NEED FOR AMERICAN PROCUREMENT
OF FINNISH ICEBREAKERS WITH ALL TWELVE U.S. SENATORS
FROM THE GREAT LAKES AREA. THEY ARE COMPLETELY IN
AGREEMENT. SENATORS HUMPHREY AND GRIFFIN HAVE TAKEN
THE LEAD IN THE SENATE.

12. THE POLITICAL AND FOREIGN RELATIONS ASPECT IS
THE ONE IN WHICH I AM MOST INTERESTED. FINLAND, MAY
I REMIND YOU, IS THE ONLY COUNTRY EVER TO PAY HER
WAR DEBT. FINLAND HAS ASKED US FOR NO ADDITIONAL
HELP. FINLAND KNOWS FIRST HAND WHAT IT IS TO SIT
ON THE SOVIET BORDER AND MAINTAIN HER INDEPENDENCE.
THIS LITTLE COUNTRY IS IN DESPERATE FINANCIAL STRAITS
AT THE MOMENT. RE RECORD TRADE DEFICIT OF \$1.2 BILLION
IN 1974 WAS FOLLOWED BY AN EVEN LARGER DEFICIT OF
\$2.02 BILLION IN 1975. INFLATION HAS BEEN RUNNING AT
AN ANNUAL RATE OF 18 PERCENT OVER THE PAST TWO YEARS.
THE PRICE OF IMPORTED SOVIET OIL AND GAS, WHICH HAS
QUADRUPLED SINCE 1973 HAS REQUIRED A RESTRUCTURING OF
FINNISH EXPORTS TO SOVIET BLOC COUNTRIES. THE WEAKER
FINLAND IS FINANCIALLY, THE MORE VULNERABLE SHE IS
POLITICALLY. I CAN'T TELL YOU HOW LARGE THIS ISSUE
IS IN FINLAND WHERE EVERYONE FROM PRESIDENT KEKKONEN,
THE PARLIAMENT AND EVEN SCHOOL CHILDREN ARE AWARE OF
THE IMPORTANCE OF SELLING ICEBREAKERS TO THE U.S.
THE PSYCHOLOGICAL BOOST THIS WOULD GIVE THE FINNS AND
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THEIR FINANCIAL AND POLITICAL STABILITY IS IMMEASURABLE.

13. IN CONCLUSION, MAY I POINT OUT THAT, IN OUR OWN
BEST INTERESTS, THESE ICEBREAKERS COULD NOT HELP BUT
STRENGTHEN THE U.S. ECONOMICALLY. AT THE SAME TIME,

IT WILL GIVE STRONG ASSISTANCE TO THIS COURAGEOUS
COUNTRY WHICH DESERVES OUR ACCOLADES AS WELL AS OUR
STRONG MORAL SUPPORT.
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